



The Weekly Wrap-Up

November 7th, 2020

2-Month Choppy Market Now Leaning Higher

Conclusion, Investment Implications, Strategy

The benchmark S&P 500 (SPX) will begin next week just below critical overhead resistance at 3523, which was tested on Thursday and Friday. However, last week's Risk On / Positive shift in our Tactical models ([Correction Protection Model, Asbury 6](#)), plus recent relative outperformance by market-leading Microsoft (MSFT), favor the likelihood of a bullish resolution to the past two months of erratic, non-trending activity.

From Our Recent Research

“This week, the **Tactical** (monthly) portion of **Table 1** below shifts to a strong Negative distribution of key near term market factors, from a Positive one during the previous three weeks. Meanwhile, the **Strategic** (quarterly) portion of the table retains the Positive distribution of intermediate term market factors than have been in place for the past seven weeks. **This morning’s strong rally appears to have been triggered by late last week’s test of formidable underlying support at 3233 in the benchmark S&P 500 (SPX)**, which we displayed and discussed in our [**October 29th Special Report: Know Your Levels In SPX**](#). This is a normal, if not expected, initial reaction to underlying support.”

Keys To This Week

Asbury Research

November 2nd, 2020

Weekly Summary / Overview



Chart 1

The benchmark **S&P 500 (SPX)** finished Friday's session up 239 points or 7.3%, completely reversing the 195 point, 5.6% decline a week earlier.

Chart 1 shows **just how volatile the US broad market index has been over the past two months**, collapsing by 11% between Sep 2nd and 24th, rebounding by 11% between Sep 24th and Oct 12th, declining by 9% between Oct 12th and 30th, and most recently recovering by 9% last week.

Although this very atypical market behavior makes it extremely difficult to stay on the right of the market over the near term, the blue lines show that this investor indecision has some very clear upper and lower boundaries — and finished last week challenging the upper boundary at 3523. **A sustained rise above 3523 would indicate that SPX's larger March**

advance is resuming and would target an additional 9% rise to 3850.

The Asbury 6: Positive Since November 4th

"ASBURY 6" INTERNAL MARKET METRICS through 11/6/2020		
METRIC	POSITIVE AS OF:	NEGATIVE AS OF:
Rate Of Change: SPX	11/4/2020	
Rel Performance: Stocks v HiYld Bonds	11/5/2020	
Investor Asset Flows: SPY	11/4/2020	
Corporate Bond Spreads	11/4/2020	
Trading Volume: SPX	11/3/2020	
Market Breadth: NYSE	11/5/2020	
Copyright 2020 Asbury Research LLC		

Table 1

Table 1 shows that all [Asbury 6](#) constituents finished Friday's session in Positive territory. **The "A6" has been on a Positive status since November 4th.**

Four or more metrics in one direction, either Positive (green) or Negative (red), indicate a Tactical bias. The dates in each cell indicate when each individual constituent of the A6 turned either positive (green) or negative (red).

When all Asbury 6 are positive, market internals are the most conducive to adding risk to portfolios. Each negative reading adds an additional element of risk to participating in current or new investment ideas.

MSFT: Emerging Breakout Is Positive For Market-Leading Tech



Chart 2

Although the S&P 500 has yet to break out of its current investor indecision area, **Chart 2** below shows that Tech bellwether **Microsoft (MSFT)** is in the process of breaking out higher from a similar pattern. **A sustained rise by MSFT above \$220.00 would confirm this and target an additional 14% rise to \$254.50 per share.**

This is particularly important because MSFT is the second-largest stock (after Apple) according to market cap, and has maintained a statistically significant and stable positive [correlation](#) to SPX throughout the past 30 years, most recently an essentially lockstep 0.91 over the past three months.

This statistical relationship suggests that as goes MSFT from here, so is likely to go the US broad market.

[← Research Center](#) | [↑ Back to Top](#)

All Contents © Copyright 2005-2021 Asbury Research LLC. The contents of all material available on this Internet site are copyrighted by Asbury Research LLC. unless otherwise indicated. All rights are reserved by Asbury Research LLC., and content may not be reproduced, downloaded, disseminated, published, or transferred in any form or by any means, except with the prior written permission of Asbury Research LLC., or as indicated below. Members of Asbury Research LLC. may download or print web pages for personal or academic use, consistent with their user agreement. However, no part of such content may be otherwise or subsequently reproduced, downloaded, disseminated, published, or transferred, in any form or by any means, except with the prior written permission of and with express attribution to Asbury Research LLC. Copyright infringement is a violation of federal law subject to criminal and civil penalties.

ASBURY RESEARCH | Chatham Centre | 1901 N. Roselle Road, | Suite 800 | Schaumburg, IL 60195 © Copyright
2021 All Rights Reserved. [888.960.0005](tel:888.960.0005) | [Email Us](#)